



**MexDer**

Mercado Mexicano de Derivados



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# **MexDer**

## **Mexican Derivatives Exchange**

2006

# History

**MexDer**, The Mexican Derivatives Exchange was launched in December 1998, nowadays is one of the most dynamic Derivatives Exchanges worldwide.

Over the last years we have had important achievements:

-  **2002** Market Makers.
-  **2003** Partnership with MEFF.
-  **2004** Development of the options market.
-  **2005** New domestic members.
-  **2006** Structural Changes.

# Market Participants

- **5** Clearing Members
- **28** Mexican Trading Members
- **2** Non Mexican Trading Members
- **18** Market Makers

# Our Products

## Futures Contracts

### ■ Currencies

- ☞ Mexican Peso / U.S. Dollar
- ☞ Mexican Peso / Euro

### ■ Indices

- ☞ IPC (Mexican Stock Exchange Index)

### ■ Individual Stocks

- ☞ Cemex CPO, Femsa UBD, Gcarso A1, Telmex L, Amx L

### ■ Fixed Income

- ☞ 91 days Cetes (MXP Treasury Bill)
- ☞ 28 days TIIE (Interbank Interest Rate)
- ☞ 3 year Fixed Rate Bond in MXP (M3)
- ☞ 10 year Fixed Rate Bond in MXP (M10)
- ☞ Inflation Index (UDI)

# Our Products

## Options Contracts

### ■ Indices

 IPC (Mexican Stock Exchange Index)

### ■ Individual Stocks

 Amx L

 Naftrac 02

### ■ ETF's

 "NASDAQ 100-Index Tracking Stock<sup>SM</sup>" QQQ<sup>SM</sup>

 "iShares S&P500 Index<sup>®</sup>" IVV

### ■ Currencies

 Mexican Peso / U.S. Dollar

# Structural Changes 2006

- Withholding Taxes.
- Omnibus Accounts.
- Remote Membership.
- API/FIX Access.
- Capitalization Rules (Local Banks and Brokers).
- More local players to participate.



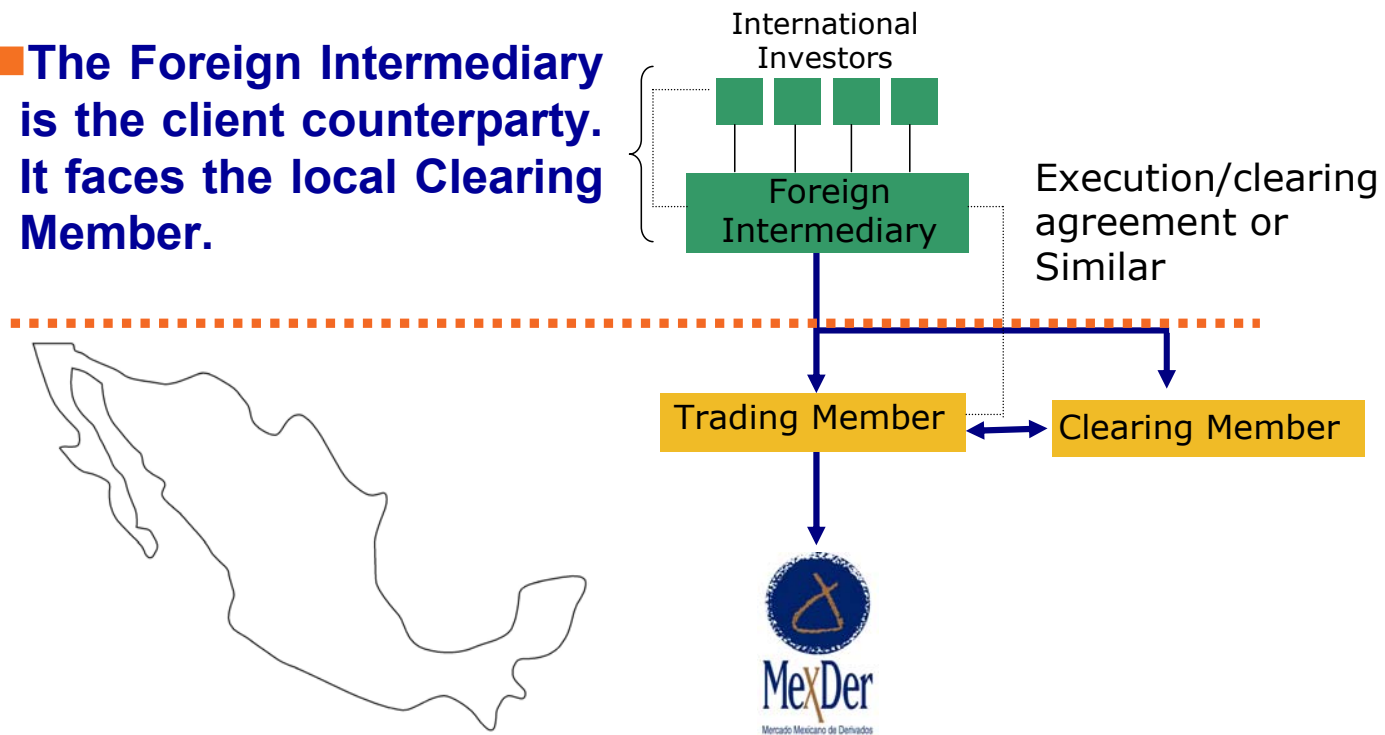
# New Tax treatment for Foreigners

- **New Tax Treatment for derivatives!**
- Capital gains in **fixed income derivatives** traded in **MexDer** are not subject to withholding taxes anymore!
- Includes CETES, M Bonds and TIIE Futures.
- Arbitrage opportunities.
- Futures and Options on the Mexican Stock Exchange Index (Equities) are tax free.

# Now you can participate as an Omnibus Account

- An Omnibus Account allows a foreign intermediary to handle multiple clients in the market.
- Disclosure of clients information is not required.
- This useful tool allows your clients to trade MexDer on an easy and fast way.

- **The Foreign Intermediary is the client counterparty. It faces the local Clearing Member.**

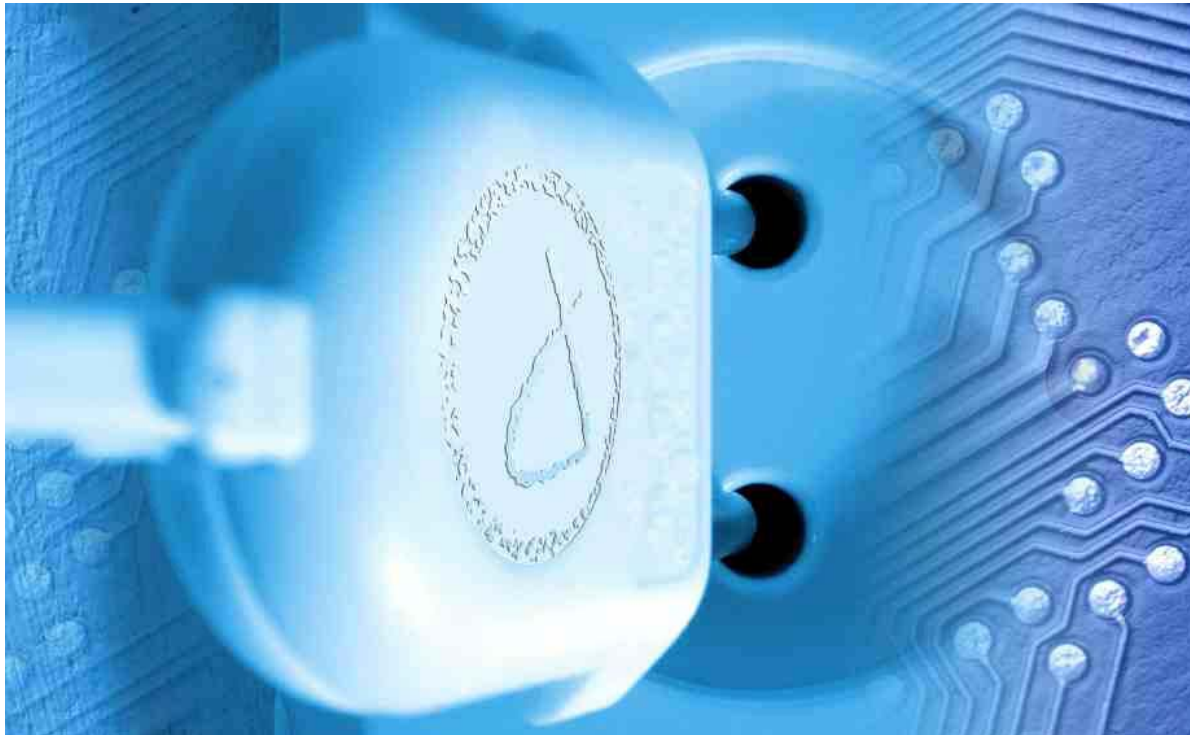


# Remote Membership

- As a result of internal regulation changes, MexDer accepts trading members that are located outside Mexico.
- Objective: Increase the number of participants to add liquidity into the market.
- The first step...Proprietary trading only.
- Even though the access to the market is from overseas, the trades will be settled in Mexico through a local Clearing Member.

## API / FIX Access

- MexDer is ready to provide Access via the Financial Information eXchange (FIX).



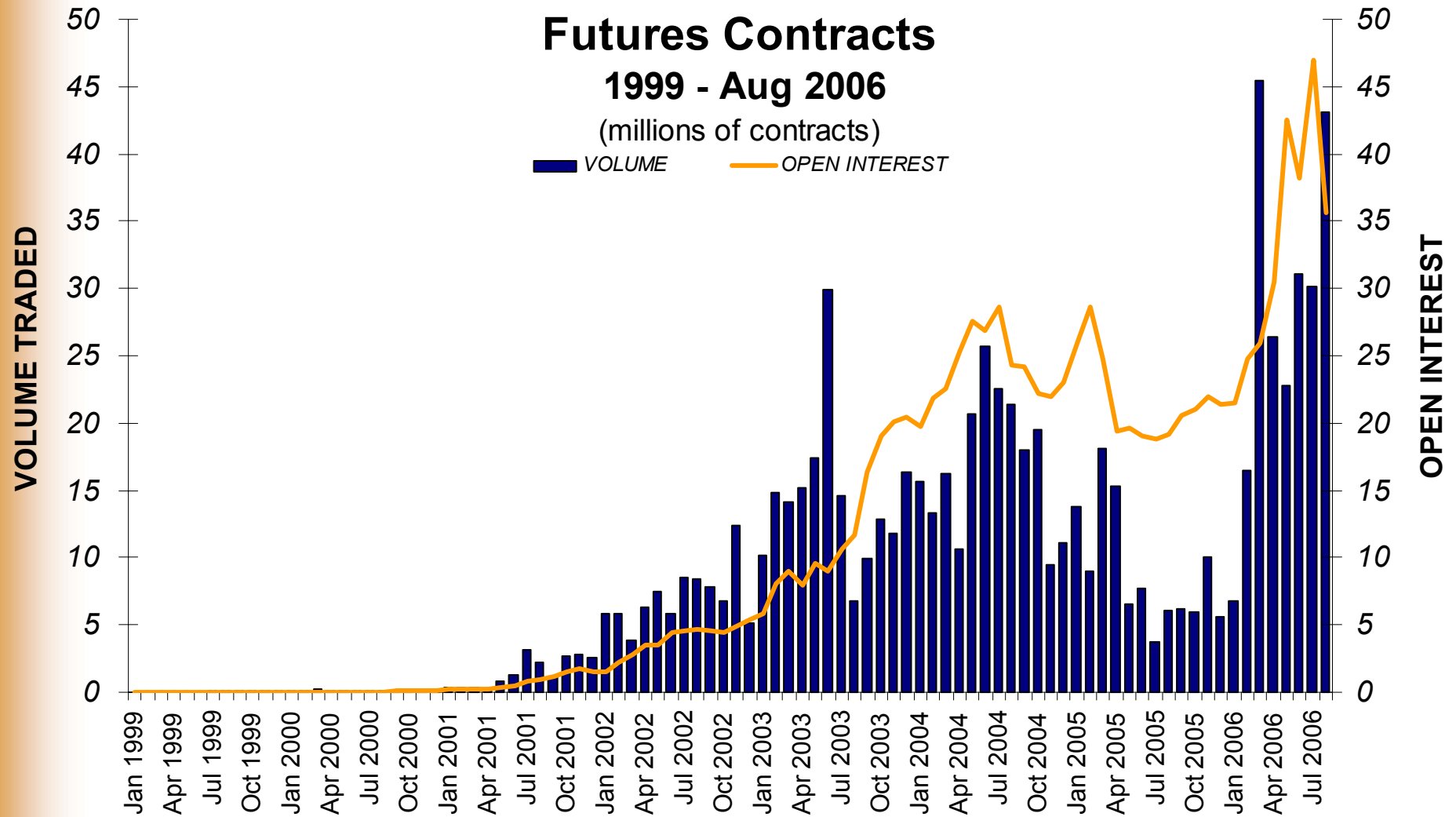
- For more detailed information please visit our web page.

<http://www.mexder.com/MEX/MexFixEnglish.html>



# Products

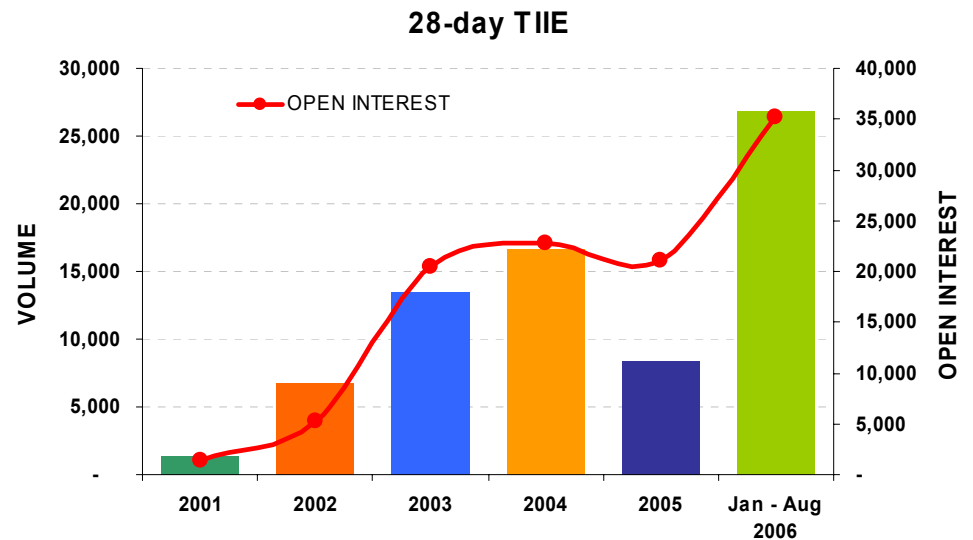
# MexDer's Evolution



# 28-day TIE Futures Contracts

28-day TIE Futures Contracts	
MexDer Ticker Symbol:	TE28
Quotation:	Interest rate
Size:	\$100,000 MXP
Tick:	One bp (0.01)
Maturity Months:	Monthly, up to 10 years
Settlement:	Cash
Trading Hours:	07:30 - 14:15 hrs. (GMT -06:00)

Monthly Average Traded Volume  
(thousands of contracts)



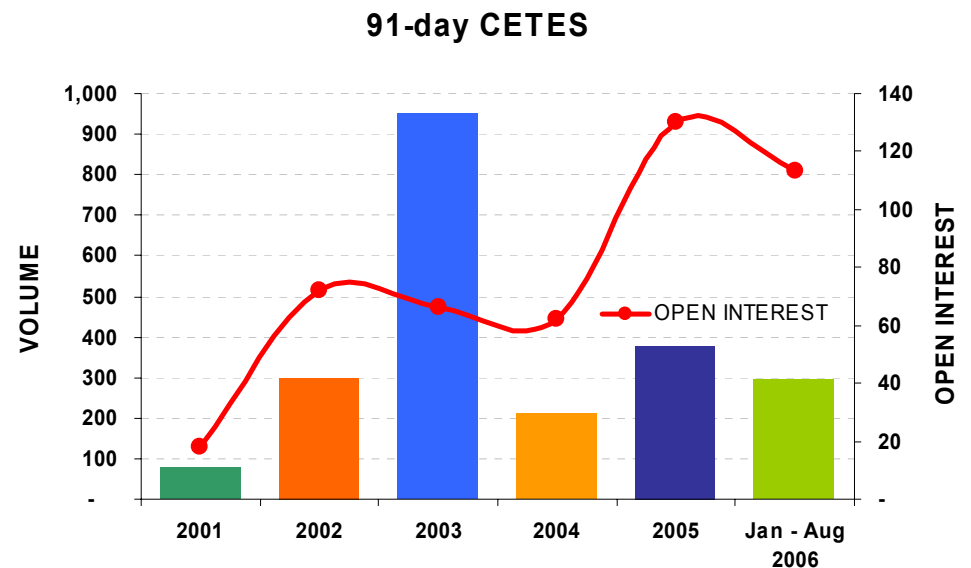
## What is the 28-day TIE?

- It is the 28-day interbank interest rate, computed on a daily basis by the Central Bank based on quotations submitted by local banks.

# 91-day Cetes Futures Contracts

91-day Cetes Futures Contracts	
MexDer Ticker Symbol:	CE91
Quotation:	Interest rate
Size:	10,000 Cetes (\$100,000 MXP)
Tick:	One bp (0.01)
Maturity Months:	Monthly, up to 12 months and quarterly, up to 24 quarters
Settlement:	Cash
Trading Hours:	07:30 - 14:15 hrs. (GMT -06:00)

Monthly Average Traded Volume  
(thousands of contracts)



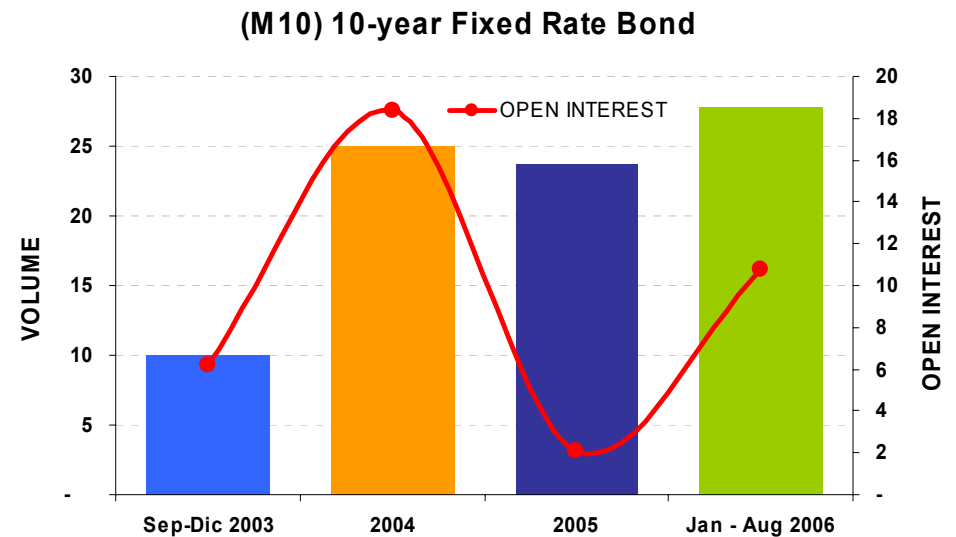
## What are the 91-day Cetes?

- 91-day Cetes are Mexican treasury bills issued by the Ministry of Finance and placed through the Central Bank.

# (M10) 10-year Bond Futures Contracts

10-year Bond Futures Contracts	
MexDer Ticker Symbol:	M10
Quotation:	Price
Size:	1,000 Bonds (\$100,000 MXP)
Tick:	\$0.025 MXP
Delivery Months:	Quarterly, up to 3 years
Settlement:	Physical delivery
Trading Hours:	07:30 - 14:15 hrs. (GMT -06:00)

Monthly Average Traded Volume  
(thousands of contracts)



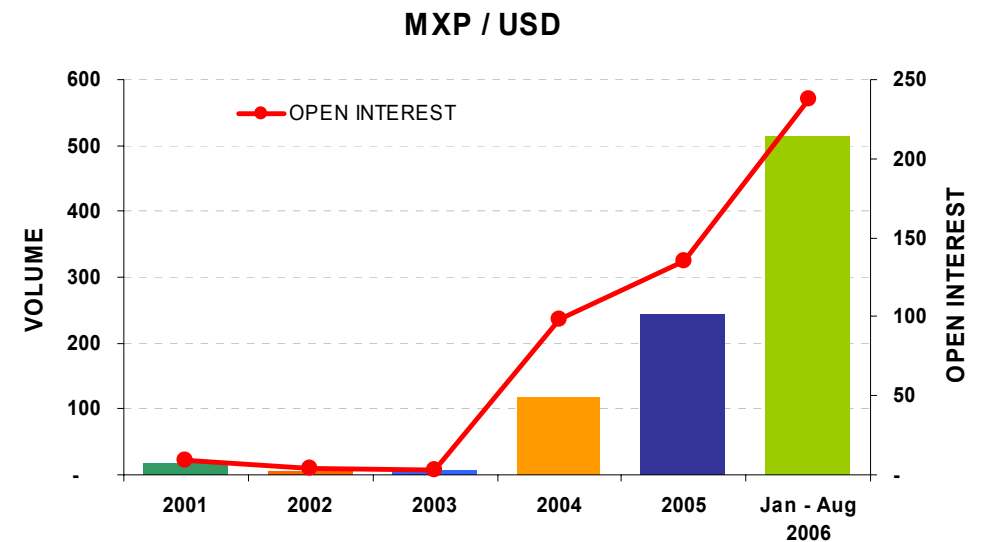
## What is the M10?

- It is a 10-year Bond issued by the Ministry of Finance and placed by the Central Bank. The face value of the M10 is one hundred pesos.

# US Dollar (MXP/USD) Futures Contracts

US Dollar Futures Contracts	
MexDer Ticker Symbol:	DA
Quotation:	Price
Size:	\$10,000 USD
Tick:	\$0.0001 MXP
Delivery Months:	Monthly, up to 3 years
Settlement:	Physical delivery
Trading Hours:	07:30 - 14:00 hrs. (GMT -06:00)

Monthly Average Traded Volume  
(thousands of contracts)



## What is the MXP / USD Futures Contract?

- Contract used to hedge the exchange rate risk associated with Peso-Dollar transactions.

# US Dollar (MXP/USD) Options Contracts

US Dollar Options Contracts	
MexDer Ticker Symbol:	DA
Style:	European
Size:	\$10,000 USD
Tick:	\$0.01 MXP
Delivery Months:	Quarterly, up to one year
Settlement:	Physical delivery
Trading Hours:	07:30 - 14:00 hrs. (GMT -06:00)

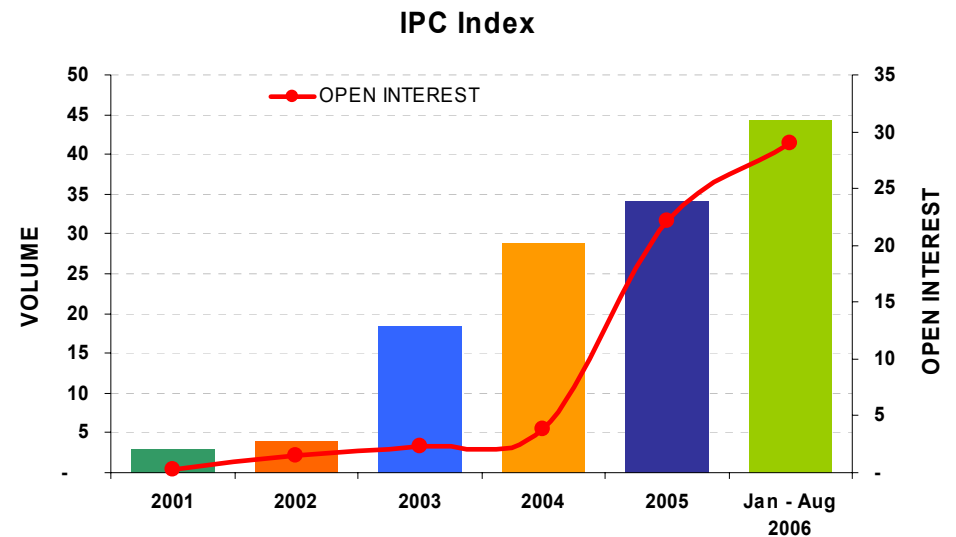
- On July the 27<sup>th</sup> 2006 MexDer launched the MXP/USD Options Contracts.
- This product gives additional hedging alternatives, volatility trading and arbitrage opportunities.



# IPC Index Futures Contracts

IPC Index Futures Contracts	
MexDer Ticker Symbol:	IPC
Quotation:	IPC Points
Size:	IPC x \$10 MXP
Tick:	1 point
Maturity Months:	Quarterly, up to 1 year
Settlement:	Cash
Trading Hours:	07:30 - 15:00 hrs. (GMT -06:00)

Monthly Average Traded Volume  
(thousands of contracts)



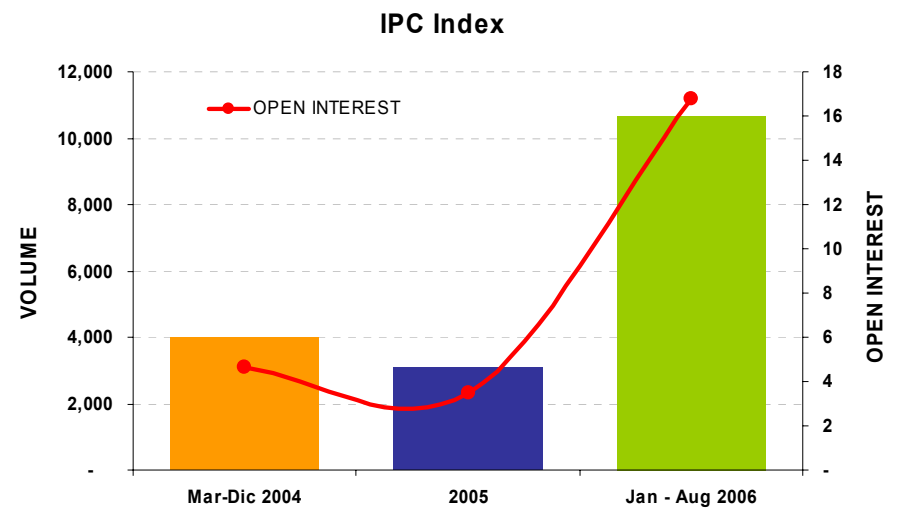
## What is the IPC Index?

- The IPC is a capitalization Index and the leading indicator of the Mexican Stock Exchange performance.
- The IPC indicates the market return based on price variations in a balanced, weighted and representative sample of the stocks listed on the Mexican Stock Exchange.

# IPC Index Options Contracts

IPC Index Options Contracts	
MexDer Ticker Symbol:	IP
Style:	European
Size:	IPC x \$10 MXP
Tick:	1 point
Maturity Months:	Quarterly, up to 1 year
Settlement:	Cash
Trading Hours	07:30 - 15:00 hrs. (GMT -06:00)

## Monthly Average Traded Volume



- IPC Options were launched on March 2004.
- This contract gives access to volatility trading on the IPC and represents an efficient hedging tool for Mexican equities.

# How to participate?

## 1. As an Omnibus Account.

- ☞ Handling customer accounts through a Local Member or a Clearing Member.

## 2. As a Client.

- ☞ Proprietary Trader as a customer of a Local Member.

## 3. As a Remote Member.

- ☞ Remote Membership with direct access to the trading system (initially prop trading only).



**It's the right time...**



 **Contact the exchange:**

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**[www.mexder.com](http://www.mexder.com)**

**MexDer**

# Want some?



The leading Marketplace for trading  
derivatives on Mexican benchmarks...  
...try it!